

## EXPLORING CAUSES OF ATTRITION FOR LEADING PRIVATE UNIVERSITY OF INDIA

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### ABSTRACT

*The education system in India is expanding and is reaching new heights in all the streams. Besides various government initiatives, the role of the private institutions in the development of education industry in India cannot be denied. Thereby, a large number of faculties are required by these institutes for their curriculum development and academic deliverance. High rate of employee turnover in an organization means increasing recruiting, selection and training costs. Moreover, lack of employee's continuity involves high costs in the induction and training of new staff. Organizational productivity is also one of the challenges that arise as a consequence of turnover. In case of higher educational institutions, the cost of employee turnover is higher as human resources with knowledge and competencies are the key assets and it affects the academic and research activities of the college. Quitting in the mid of the semester, the affect is very high as it is difficult for both the college to arrange the substitute and student to adjust/accept new faculty in the mid of course. From Jan'16 to Jun'2017 attrition rate of this private university under study was 26%, which is higher than the average attrition rate of the academic system in India (18-25%). Major reasons of this high attrition rate desired to pursue higher studies by faculty members, unfavourable family circumstances and better career benefits provided by other colleges or organizations. In year 2016, total attrition rate of this private university was 19%, which came down to 7% by Jun'17. This study aims to explore the causes of high attrition rate in a private university and its faculties (schools/divisions). The study would also focus on major reasons identified by HR officials during the exit interview, which were not being revealed by employees in their exit interview form. The study aims to identify factors important for employee retention based on variables leading to attrition.*

**KEYWORDS:** Employees, Attrition, Higher Studies, Salary & Promotion

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### INTRODUCTION

The education system in India is expanding and is reaching new heights in all the streams. Besides various government initiatives, the role of the private institutions in the development of education industry in India cannot be denied. At present, India's private education market worth \$68 billion. Now with the sudden spurt in the number of private colleges/institutes/universities providing professional education in the recent past has resulted in the increased demand of highly qualified professionals in the market. Thereby, a large number of faculties are required by these institutes for their curriculum development and academic deliverance. Again the lucrative opportunities available in the corporate sector exert a pull on the existing faculty towards the corporate career from academic profession. This creates a void at various levels in the existing institutes to be filled in. The occupational migration of faculty from academics to the core industry, the additional faculty requirement of the existing institutional for newly introduced courses and the faculty required for the newly established college's altogether creates an immense demand for faculty. This high demand and low supply are resulting in a faculty crisis in the country, especially in

self-financed professional institutions. In this context faculty turnover has a serious impact on the institute and its reputation thereby, resulting in the increased costs both direct and indirect. High rate of employee turnover in an organization means increasing recruiting, selection and training costs. Moreover, lack of employee's continuity involves high costs in the induction and training of new staff. Organizational productivity is also one of the challenges that arise as a consequence of turnover. In case of higher educational institutions, the cost of employee turnover is higher as human resources with knowledge and competencies are the key assets and it affects the academic and research activities of the college. Quitting in the mid of the semester, the effect is very high as it is difficult for both the college to arrange the substitute and student to adjust/accept new faculty in the mid of course. Since Attrition can be defined as "A reduction in the number of employees through retirement, resignation or death" and also we can say it as "The rate of shrinkage in size or number". Attrition rates can be calculated using a simple formula:

$$\text{Employee attrition rate} = \frac{\text{No.of employees left the company for a period}}{\text{Total no.of employees for a period}} \times 100$$

Critical resource attrition tells the attrition in terms of key personnel like senior executives leaving the organization where as Low performance, attrition tells the attrition of those who left due to poor performance. The key reasons of rising attrition identified are dissatisfaction among employees, better opportunities in jobs, rising desires and aspiration of the people to grow and advancement, increasing job stress and disturbed work life balance. Most of the higher educational institutes throughout the country are suffering from acute shortage of faculty. The effect of high faculty attrition is borne by students for no fault of theirs. In today's fast changing economy, faculty members thrive for professional growth and development, not just salary; to secure better positions in future.

## OBJECTIVES OF THE STUDY

- To calculate the attrition rate of LPU
- To explore the trends of attrition for a given period of time
- To understand the reasons provided by new employees for joining the LPU
- Gap analysis of the reasons quoted by employees and reasons observed by HR during exit interview
- To identify the factors responsible for attrition in LPU based on variables identified

## METHODOLOGY

**Nature of Research:** Research is exploratory in nature, since it tends to explore the causes of high attrition rate in LPU.

**Research Tool:** In-depth questionnaire framed by LPU officials was used as a research tool. The questionnaire had both open and close ended questions.

**Study Area:** Study was conducted at Lovely Professional University, Jalandhar (Punjab), India.

**Data Collection:** Primary data were collected from exit interview forms from January 2016 to June 2017. Secondary data were taken for the purpose of review from the journals of HR studies. Data was also collected from in-depth interviews of HR officials and other administrative officials.

**Sample Size:** 667 employees left LPU from Jan'16-Jun'17. They all were taken as a sample.

**Sampling Technique:** Judgemental sampling was used in this research. Only those employees were interviewed who resigned and were leaving LPU.

**Analytical Technique:** During the exit interview each employee was asked 3 reasons for leaving LPU. The simultaneously HR official conducting the interview also quoted 3 reasons which they observed during the exit interview. Many people did not give concrete reasons, or mentioned null or just gave one reason out of 3. Thus missing reasons or unclear reasons are put in “others category” for ease of analysis.

Mainly 27 reasons were identified by researchers based on the pilot study, in-depth interview with HR head, exit-interview team and analysis of exit forms.

## FINDINGS & ANALYSIS

### Objective 1: To Calculate Attrition Rate of LPU

The attrition rate formula is given as

$$\begin{aligned} \text{Employee attrition rate} &= \frac{\text{No.of employees left the company for a period}}{\text{Total no.of employees for a period}} \times 100 \\ &= 668/2521 \times 100 \\ &= 26\% \text{ (from Jan'16-Jun'17)} \end{aligned}$$

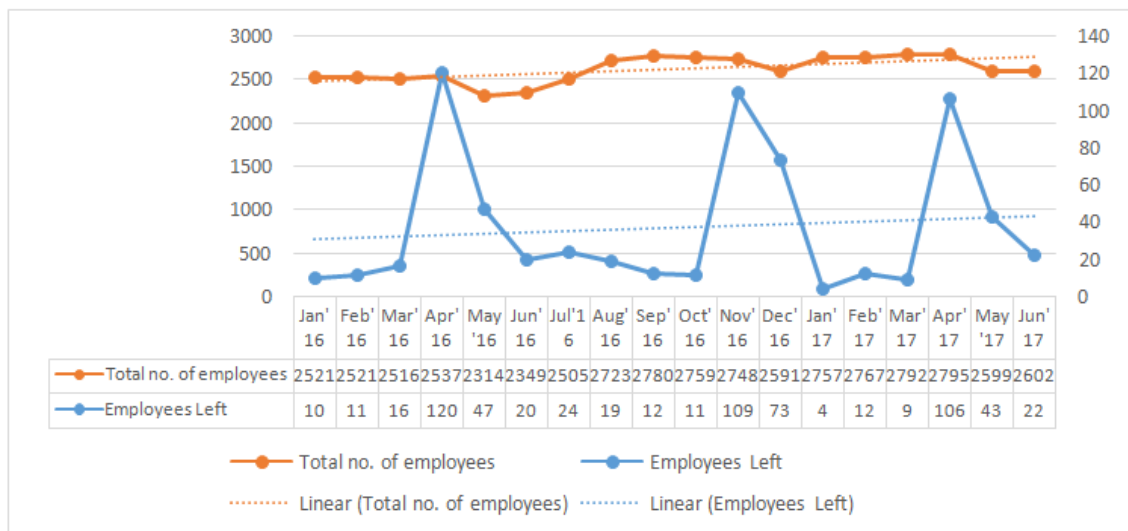
**Table 1: Attrition Rate of LPU in Different Time Periods**

Year	LPU		
	People Left	Total no. of Employees	Attrition Rate
Jan'16-Jun'16 (half-yearly)	224	2521	8.88%
Jul'16-Dec'16 (half-yearly)	248	2591	9.57%
Jan'16-Dec'17 (full-year)	472	2521	19%
Jan'17-Jun'17 (half-yearly)	196	2757	7%
Total Jan'16-Jun'17 (one and half year)	668	2521	26%

*Source: HR department. LPU, Jalandhar (Punjab), Compiled by Researcher*

It was observed that, in the course of 18 months (from Jan'16-Jun'17), the overall attrition rate of LPU was **26%**, which is **higher than the average attrition rate in the academic sector** (according to a review of literature, average attrition rate in academic sector is **18-25%**). However, in year 2016 overall attrition rate was 19%, which is near to the average attrition rate in the academic sector. In the first half year of 2017, the attrition rate was 7%, which indicated that, in 2017, employee retention percentage of LPU has improved and the overall attrition rate has gone down. This indicates that, LPU was bought positive changes in administrative policies, pay packages and other benefits.

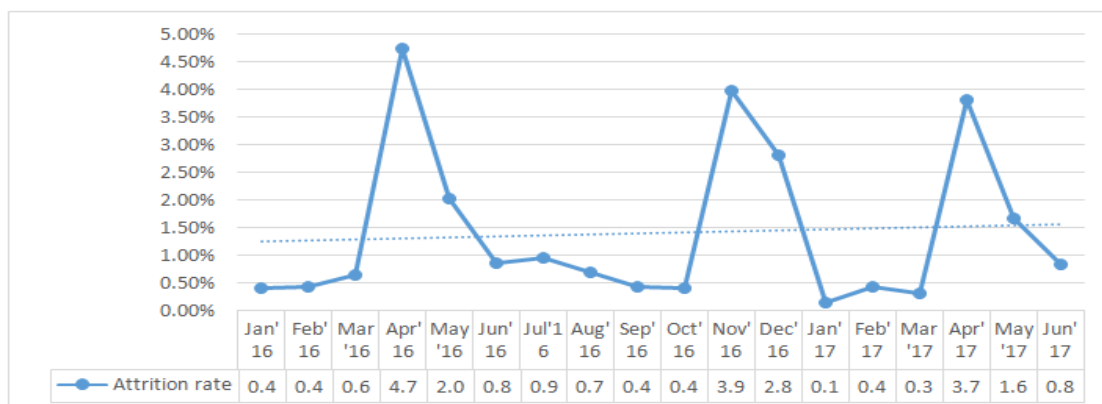
## Objective 2: To Explore the Trends of Attrition for a Given Period of Time



**Figure 1: Trends of Total no. of Employees v/s No. of Employees Left (Jan'16-Jun'17)**

*Source: HR department. LPU, Jalandhar (Punjab), Compiled by Researcher*

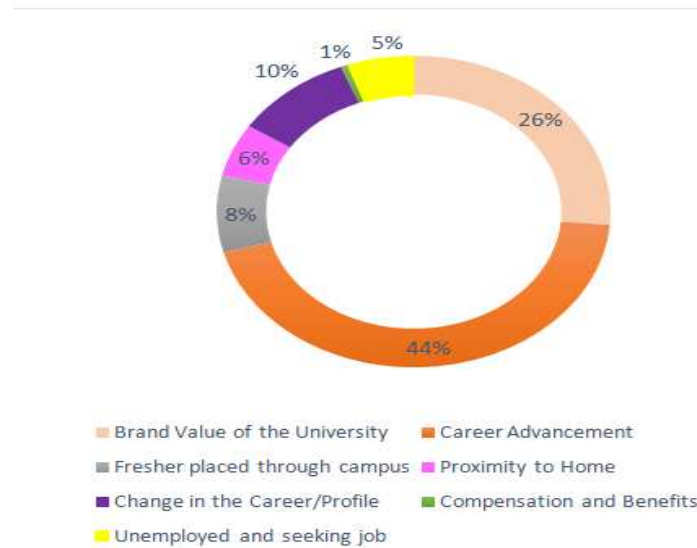
Steep rise in employees leaving LPU was observed during April 2016, November 2016 and April 2017, since the academic session ends in April and November. Consistent increase has been observed in the total number of employees indicating growth and expansion of LPU.



**Figure 2: Monthly Trend of Attrition Rate (Jan'16-Jun'17)**

*Source: HR dept. LPU, Jalandhar (Punjab), compiled by researchers*

In year 2016, highest attrition rate was observed in April and November. Academic semester ends during this time and most of the faculty members who wish to switch the job resign during these two months. Similarly, in 2017, highest attrition rate was observed in April. However the highest attrition rate in April'17 (3.79%) was less than the highest attrition rate of April'16 (4.73%), indicating that, the overall trend of attrition is decreasing in LPU.

**Objective 3: To Understand the Reasons Provided by New Employees for Joining LPU****Figure 3: Reasons Provided by New Employees for Joining LPU**

*Source: HR department. LPU, Jalandhar (Punjab), Compiled by Researcher*

Career advancement (44%), the brand value of university (26%) and change in career/profile (10%) were the top reasons given by new employees at the time of joining the LPU. Most of new employees expect career enhancement, new challenges and opportunities to learn for their overall professional growth and development.

**Objective 4: Gap Analysis of Reasons Quoted by Employees and Reasons Observed by HR during Exit Interview**

Ho= No difference exist in means of reasons identified by HR and the reasons given by employees while leaving LPU

H1= Difference exists in means of reasons identified by HR and the reasons given by employees while leaving LPU

**Table 2: T-Test of Means for Reasons Identified by HR and Reasons Given by Employees While Leaving LPU**

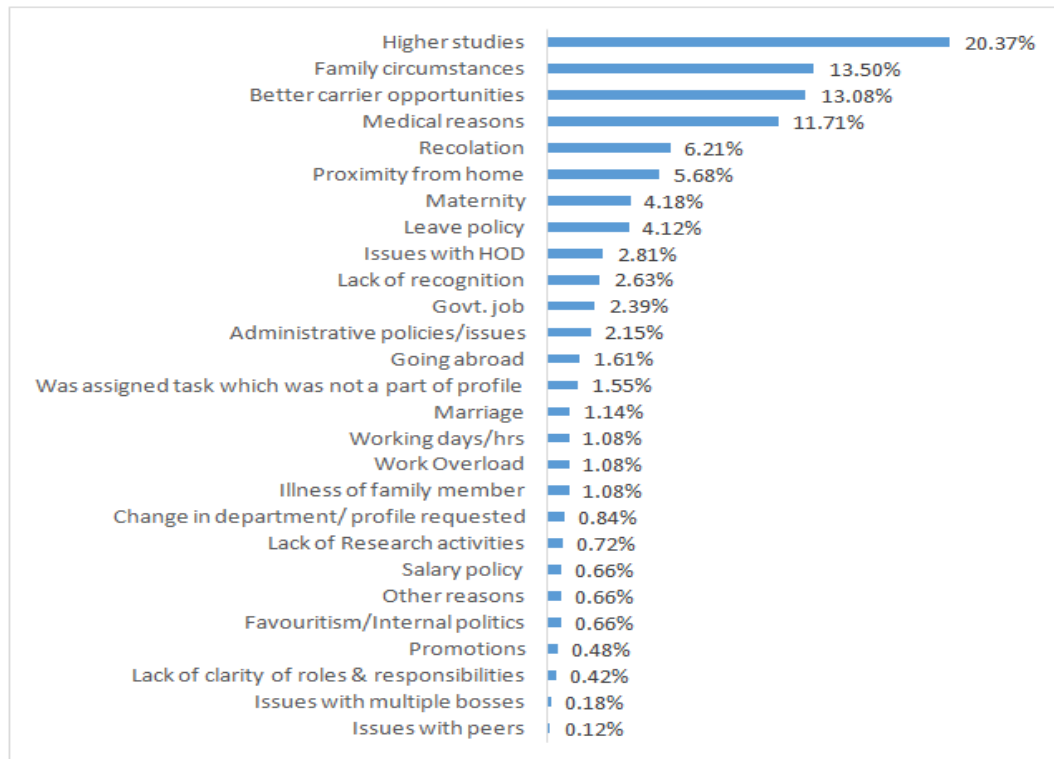
Group Statistics					
	Code	N	Mean	Std. Deviation	Std. Error Mean
Response	HR Response	1674	11.69	8.041	.197
	Employee response	1674	13.45	8.314	.203

**Table 3**

Independent Samples Test										
		Levene's Test for Equality of Variances		T-Test for Equality of Means						
		F	Sig.	t	df	Sig. (2-Tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Response	Equal variances assumed	10.643	.001	-6.204	3346	.000	-1.754	.283	-2.308	-1.200
	Equal variances not assumed			-6.204	3342.281	.000	-1.754	.283	-2.308	-1.200

*Source: HR department. LPU, Jalandhar (Punjab), Compiled by the researcher*

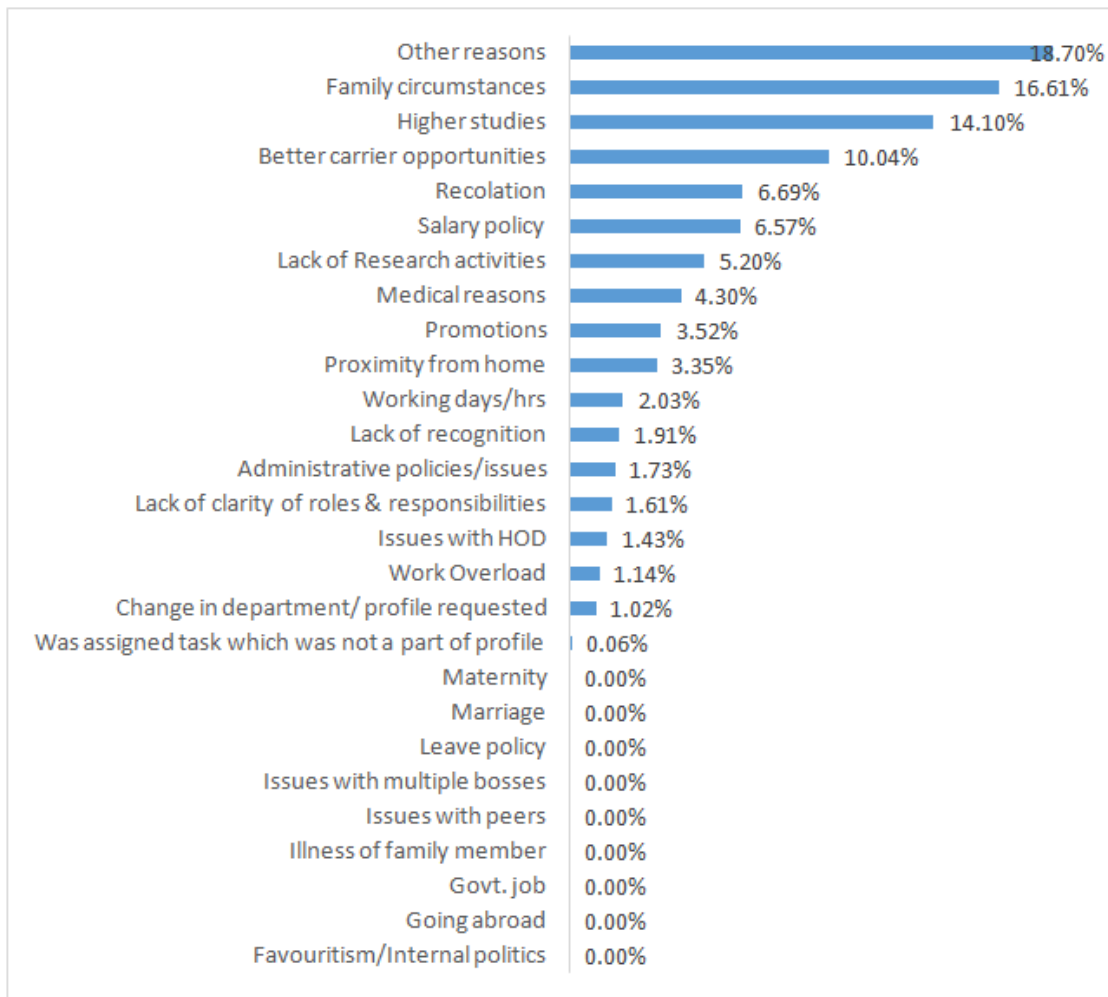
T-Test was found highly significant. Thus  $H_0$  was rejected. Therefore, difference exists in means of reasons identified by HR and the reasons given by employees while leaving LPU. T-Test proved that, reasons noticed by HR officials while conducting exit interview were different from reasons quoted by employees leaving the organization. Many employees did not reveal the actual reasons for leaving LPU and gave common reasons like higher studies or family circumstances while leaving.



**Figure 4: Major Reasons Identified by HR Officials for Attrition**

*Source: HR department. LPU, Jalandhar (Punjab), Compiled by Researcher*

HR officials identified 27 different reasons due to which employees were leaving the jobs. **The most common reasons** were **higher studies (20.37%)**, **family circumstances (13.50%)** and **better career opportunities (13.08%)**. However, HR officials also noticed few other reasons, while talking to employees verbally during their exit interview, which they did not mention in their exit form. Other prominent reasons which were **not being revealed** in the exit interview form were **marriage, maternity, leave policy, issues with peers or multiple bosses, favouritism and internal politics, illness of family members, going abroad and government job**.



**Figure 5: Major Reasons Provided by Employees for Leaving the Job**

*Source: HR department. LPU, Jalandhar (Punjab), Compiled by Researcher*

Nearly 18.70% people did not reveal the exact reason for leaving the job. They either said that, it's personal reason or did not give any satisfactory answer. This indicates that, employees are not very truthful while disclosing the reasons for leaving the job. They try to hide the reason or try to modify it. Major reasons provided by employees can be categorized in 3 categories. **Primary reasons** were family circumstances, higher studies and better career opportunities (having a percentage above 10%). **Secondary reasons** were lack of research activities, relocation and salary policy (having a percentage above 5-10%). **Tertiary reasons** were medical issues, proximity from home, lack of promotions, lack of recognition, administrative policies, lack of clarity of roles and responsibilities, issues with HOD, work overload and change in department/profile.

**Objective 5: To Identify the Factors Helpful in Reducing Attrition in LPU, Based on Varying Identified for Attrition**

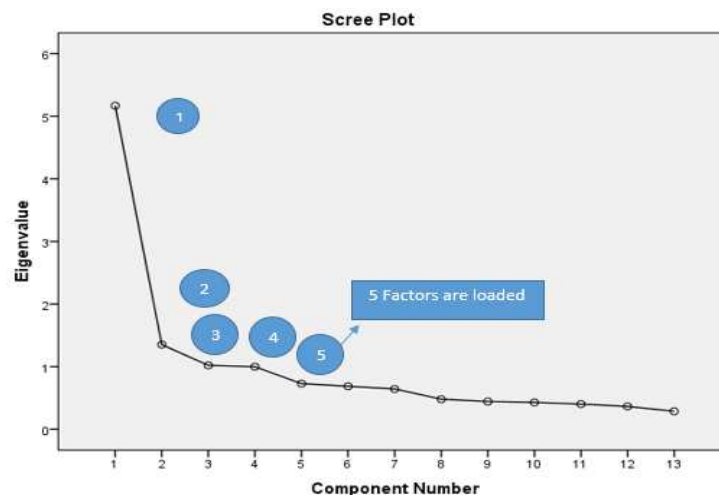
**Table 4: Total Variance Explained by Factor Analysis**

Component	Total Variance Explained								
	Initial Eigen Values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.169	39.760	39.760	5.169	39.760	39.760	2.483	19.104	19.104
2	1.351	10.395	50.155	1.351	10.395	50.155	2.180	16.768	35.872
3	1.020	7.845	58.000	1.020	7.845	58.000	2.052	15.784	51.656
4	.998	7.676	65.676	.998	7.676	65.676	1.350	10.383	62.039
5	.729	5.606	71.282	.729	5.606	71.282	1.202	9.243	71.282
6	.686	5.276	76.558						
7	.643	4.949	81.507						
8	.479	3.688	85.195						
9	.443	3.409	88.604						
10	.428	3.294	91.898						
11	.402	3.091	94.989						
12	.364	2.800	97.789						
13	.287	2.211	100.000						

Extraction Method: Principal Component Analysis.

*Source: HR dept. LPU, Jalandhar (Punjab), compiled by researchers*

Factor analysis was carried out using the variables of the exit interview form. 13 variables were present in the exit interview form and employees leaving the organization were asked to rate those variables on a scale of 1 to 5. 1 indicates strongly disagreed and 5 indicate strongly agreed. Variables considered in factor analysis were compensated, appraisal, work assigned, professional growth, relationship with seniors, and relationship with peers, workload, workplace environment, responsibilities, residential facilities, transport facilities, friendly atmosphere and resources provided. 13 variables were loaded on 5 factors explaining the variance up to 71.28%.



**Figure 6: Screen Plot for Factors of Helpful in Reducing Attrition**

*Source: HR department. LPU, Jalandhar (Punjab), Compiled by Researcher*

Screen plot indicated extraction of 5 factors below a point of stability is reached.



Table 7: Rotated Component Matrix Obtained After Factor Rotation

Rotated Component Matrix <sup>a</sup>					
	Component				
	1	2	3	4	5
Compensation	.704				
Appraisal	.827				
Work Assigned	.716				
Professional growth			.755		
Relationship with seniors			.804		
Relationship with peers			.727		
Workload				.649	
Workplace environment	.397				
Responsibilities		.787			
Residential facilities		.781			
Transport facilities		.553			
Friendly atmosphere					.816
Resources provided					.670
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 9 iterations.					

Source: HR dept. LPU, Jalandhar (Punjab), compiled by researchers

**Factor 1 (Performance management & appraisal):** Work assigned, workplace environment, compensation and appraisal

**Factor 2 (Facilitative responsibilities):** Responsibilities, residential facilities and transport facilities

**Factor 3 (Positive work relationships):** Professional growth, relationship with seniors and relationship with peers

**Factor 4 (workload):** Workload

**Factor 5 (Workplace environment):** Friendly atmosphere and resources provided

Factor 1: **Performance management & appraisal** was the most important factor. It is the leading factor which decides retention or attrition of an employee. Employees expect fair pay and compensation according to the work assigned. Workplace environment plays an important role in helping the employee to complete his work assignments.

Factor 2: **Facilitative responsibilities** were a second important factor. It is observed that, employees fulfil their duties well, if they are given good transport and residential facilities. Physical and mental comfort leads to a higher sense of responsibility in employees.

Factor 3: **Positive work relationships** were third factor which was loaded. Consistent, professional growth and healthy relationship with peers and seniors are effective tools for employee retention.

Factor 4: **Workload** was a strong factor placed in fourth position. High workload for a long period of time increases the attrition rate.

Factor 5: **Workplace environment** was loaded on fifth factor. Friendly working environment well-equipped with resources provide a healthy platform for employees to perform at their best.

## RECOMMENDATIONS

- Major reason for leaving the job by teaching faculty was **higher education**. Thus LPU shall promote ‘**Studying while teaching concept**’ through innovative online courses and concessions on higher degrees, especially PhD (if they pursue it from LPU). Sufficient time shall be given to faculty members for research work (those who are pursuing a PhD). Training sessions shall be organized in advanced Microsoft office, advanced teaching methods and course related trainings.
- Lots of people made complaints that; they were not getting paid as per work. Lots of **salary based comparisons** were drawn within the department. To avoid such clashes, HR shall prepare a **policy for not revealing the salary and benefits**. All the employees of the university shall sign this policy. If salary or benefits offered being revealed, then the employee shall be liable for a penalty or suspension.
- The university can come up with improvement in leave policy by introducing leave of **second Saturday** or second and fourth Saturday off. Lots of employees wished to relocate themselves in their hometown (e.g. Ludhiana, Amritsar etc.) since they were not getting Saturday off and couldn’t give time to family. So at least one Saturday off is highly recommended. Saturday off can be also provided in rotation to avoid shutting down of complete university. Staff can be given Saturday off in rotation of 50 % or 25% on each Saturday.
- Faculty members in technical courses complaint about lack of research facilities for students and for faculty members. Thus, serious attention shall be paid towards **research and development facilities**.
- **Performance management & appraisal** was the most important factor in employee retention. HR should carefully plan appraisal policies since many senior faculty members felt being ignored during appraisal and they quit the job. Thus, potential employees and high achievers shall be identified and shall be motivated during performance appraisals.
- Lots of faculty member’s complaint about issues with HODs. **Survey within the departments** shall be conducted for HOD’s and head. Identity of employees shall be kept secret and they could be asked to provide suggestions to improve the department.
- Relocation was the major reason of attrition for many employees. Many complaints were made about the lack of good quality food in hostel and lack of privacy. Thus, residential **facilities shall be improved** to reduce employee attrition rate.
- **Performance based awards** can be started for different categories for both teaching and non-teaching staff. Awards can be designed based on targets, research work and any other important contribution. Awards for new employees shall also be promoted to provide them a feeling of belongingness.
- HODs shall monitor the workload of their employees, since it was an important factor of attrition. High potential employees shall be motivated and work-life balance shall be promoted. **The weekly workload hour report** can be generated by staff and HODs can monitor them. Transfer of responsibilities shall be done carefully. It is important to observe that, the transfer of responsibilities does not lead to high workload stress and attrition.
- Employees leaving the organization shall be requested to provide **honest feedback** about LPU instead of faking

the reasons; it would help in improving the organization.

- The concept of '**flexible working hours**' can be introduced e.g. 8 hours working according the punching time for special cases and occasions.

